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2014 MAY 30 P 3: 39

ORIGINAL

THE CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY – TOWN DIVISION
FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR UTILITY
SERVICE DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF ARIZONA

Docket No. W-01212A-12-0309

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER – PALO VERDE UTILITIES
COMPANY FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR UTILITY
SERVICE DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. SW-20445A-12-0310

IN THE MATTER OF THE APPLICATION OF WATER
UTILITY OF NORTHERN SCOTTSDALE, INC. FOR A
RATE INCREASE

Docket Nos. W-03720A-12-0311

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER TONOPAH FOR
THE ESTABLISHMENT OF JUST AND REASONABLE
RATES AND CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-02450A-12-0312

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY – GREATER
BUCKEYE DIVISION FOR THE ESTABLISHMENT OF
JUST AND REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE FAIR
VALUE OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA

DOCKET NO. W-02451A-12-0313

**NOTICE OF FILING
WATER LOSS REPORT**

Arizona Corporation Commission

DOCKETED

MAY 30 2014

DOCKETED BY

1 IN THE MATTER OF THE APPLICATION OF
2 GLOBAL WATER – SANTA CRUZ WATER COMPANY
3 FOR THE ESTABLISHMENT OF JUST AND
4 REASONABLE RATES AND CHARGES FOR UTILITY
5 SERVICE DESIGNED TO REALIZE A REASONABLE
6 RATE OF RETURN ON THE FAIR VALUE OF ITS
7 PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-20446A-12-0314

5 IN THE MATTER OF THE APPLICATION OF
6 WILLOW VALLEY WATER COMPANY FOR THE
7 ESTABLISHMENT OF JUST AND REASONABLE
8 RATES AND CHARGES FOR UTILITY SERVICE
9 DESIGNED TO REALIZE A REASONABLE RATE OF
10 RETURN ON THE FAIR VALUE OF ITS PROPERTY
11 THROUGHOUT THE STATE OF ARIZONA

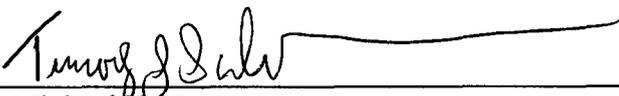
DOCKET NO. W-01732A-12-0315

**NOTICE OF FILING
WATER LOSS REPORT**

11 Decision No. 74364 (February 26, 2014) requires that Valencia Water Company – Town
12 Division (“Valencia-Town”), Water Utility of Northern Scottsdale (“WUNS”), Water Utility of
13 Greater Tonopah (“WUGT”), Valencia Water Company – Greater Buckeye Division (“Valencia –
14 Greater Buckeye”), Global Water – Santa Cruz Water Company (“Santa Cruz”) and Willow Valley Water
15 Company (“Willow Valley”) file their water loss report consistent with the Settlement Agreement and
16 the Decision. Accordingly, please find the water loss report for Valencia-Town, WUNS, WUGT,
17 Valencia – Greater Buckeye, Santa Cruz and Willow Valley.

18 RESPECTFULLY SUBMITTED this 30th day of May, 2014.

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27

WATER LOSS REPORT Section 9.1 of the Settlement Agreement approved by Decision No. states that Global “agrees to file the water loss reports recommended in the Direct Testimony of Staff witness Mr. Liu.” Water loss reports are required for: (1) Valencia Water Company – Town Division (Valencia – Town); (2) Water Utility of Northern Scottsdale (WUNS); (3) Water Utility of Greater Tonopah (WUGT); (4) Valencia Water Company – Greater Buckeye Division (Valencia – Greater Buckeye); (5) Global Water – Santa Cruz Water Company (Santa Cruz); and (6) Willow Valley Water Co., Inc. (Willow Valley).

As a water resources company, Global Water is committed to preserving water through reuse, demand side management tools, advanced technology, and loss mitigation. Water conservation is a primary tenant within Global Water’s company culture and is promoted from the executive level through mid-level managers and ultimately to the field staff. Global Water continues to be committed to reducing water loss in all of its utilities.

WATER LOSS MITIGATION PLAN

Well Meter Accuracy Verification –

In order to establish the accuracy of the quantity of water pumped in each of these systems, the well meters on public water systems with excessive water loss will be checked for accuracy. A significant error in a well meter can have significant effects on the water loss equation, and therefore verification of these meters is essential. If the meter is found to be inaccurate by greater than 3% the meter will be either repaired or replaced depending on the meter type and ability to repair the meter.

Customer Meter Accuracy Verification –

In January 2014, Global Water invested in a new field meter testing device capable of testing all meters up to 3 inches in size. This represents greater than 99% of Global Water’s meter population that can be tested using this meter. The focus will be to test meters 1.5 inches in size and greater as these meters present the greatest source of potential water loss. Meters will be evaluated for annual consumption and consumption will be compared over a period of 3 years to identify significant decreases in consumption to focus meter tests on meters with the most potential for failure.

In addition to testing the accuracy of larger meters, Global Water will also test sample sets of residential meters. Meters will be assessed by meter brand and age to determine the condition of specific populations of meters to determine if these meters as a group have an acceptable level of accuracy.

Meters will be tested according to the specification established in American Water Works Association *Manual 6 - Meters–Selection, Installation, Testing and Maintenance*, Fifth Edition. Meters that are outside of the acceptable accuracy tolerances will be repaired or replaced.

Audits and Inspections –

Routine quality control audits of Global Water’s billing system will be conducted to ensure the settings of the meter and Advanced Metering Infrastructure (AMI) system align with the settings in the billing system to guarantee all metered water is accurately captured and billed.

Global Water in combination with its outsourced billing and AMI provider, FATHOM, run a number of monthly processes to identify potential sources of water loss. These reports include:

- Exception Reporting – Unusual usage patterns are flagged during routine reporting. These accounts are investigated, including field checks as necessary.
- Zero Usage Reporting - For all active accounts that have zero usage for more than a single billing period, we issue a field investigation service order.
- Manual reads and checks – When the AMR systems do not capture a read, it is Global Water’s policy to issue a manual read service order to prevent estimated or zero usage reads.
- High Consumption Reporting – When an account registers abnormally high water consumption the account is investigated and the customer is contacted if a leak is suspected.

Theft Prevention –

Water theft is a prevalent issue throughout Global Water’s utilities and must be continually monitored to not only prevent theft, but also prevent connections that pose a contamination risk. As previously described, due to the rural nature of some of Global Water’s utilities theft can be difficult to prevent, but theft is and will continue to be addressed with the following processes:

- Vacant Account Usage – Using our Advanced Metering Technology Global Water monitors vacant accounts for usage. Any unauthorized usage that is detected is investigated to see if the lock has been cut.
- Active Account Self-Reconnect – Accounts that are disconnected due to having a past due balance but do not have a reconnect service order generated are also monitored as these account frequently result in the customer self-reconnecting.
- Hydrant Locks – Hydrant locks have been deployed on the hydrants in Greater Buckeye’s Sun Valley system and the Water Utility of North Scottsdale system to prevent water theft from occurring. Due to the remote nature of these sites, unauthorized hydrant usage has been a re-occurring problem.
- Construction Site Water Theft – Construction sites experience routine water theft. Global Water’s construction inspectors routinely monitor for unauthorized and/or unmetered connections to minimize the occurrence of water theft.

Water Main Loss Minimization –

As previously described many of the public water systems within WUGT, and WUGB have extensive distribution system despite the fact that they serve a relatively small number of customers. When

possible, Global Water is looking for mains without service connections that can be terminated to eliminate long runs that are susceptible to leaks.

WATER LOSS - STATUS BY UTILITY

Water Utility of Greater Tonopah –

As of the end of April 2014 the 12-month rolling water loss average for this system is 11.0%. Within this utility the systems that provide the greatest opportunity for water loss elimination are B&D/Buckeye Ranch, Dixie, and Garden City. This is based on the quantity of water distributed in these systems and their volume of water loss.

Within WUGT, several initiatives have already been completed that we expect will help reduce water loss to below 10%. First, the water storage tank at Garden City was replaced due to a leak that was discovered in the tank. Additionally, the well meter at this site was discovered to be faulty and has since been replaced with a new meter.

Second, a failed eye wash scald valve at the Sunshine Water Distribution Center was recently discovered. This valve was constantly discharging approximately half a gallon per minute which over the course of a year would equate to 0.5% water loss for the entire WUGT system. A new scald valve has been ordered and will be replaced.

Over the past four months the water loss within this utility has dropped by 1.5% and continues to trend downward. With the initiatives described above along with the repairs that have been made, it is anticipated the water loss will be less than 10% within this utility.

Valencia Water Company - Greater Buckeye Division –

As of the end of April 2014 the 12-month rolling water loss average for this system is 18.9%. Water loss in this system is primarily being driven by the Sun Valley public water system. Sun Valley accounts for 61% of all water pumped in Valencia – Greater Buckeye, and 71% of all water loss within Valencia – Greater Buckeye comes from Sun Valley. As a result water loss efforts for WUGB are primarily focused on Sun Valley.

The Sun Valley system has had 14 main line failures and 11 service line failures since the beginning of 2014. The majority of these failures are due to failed joints on the main line. Many of the joints were not properly glued when the lines were first installed by the original owners. Global Water staff has been repaired all identified failures and drives the main lines weekly to check for new leaks.

While the water loss is currently high, we anticipate a significant reduction to the 12-month rolling average as soon as next month. This is due to the fact that water loss was abnormally high in May of 2013, which will fall off the rolling average this month. Additionally, the monthly water loss in the Sun Valley system has been reduced to 5.7% over the past month. The 12 month rolling average for the entire Valencia – Greater Buckeye is projected to drop to 13% once the May 2014 consumption and pumped figures are finalized as a result of the effort discussed above.

Lastly, in March 2014 a billing audit revealed that five accounts within Valencia – Greater Buckeye had been set up incorrectly resulting in under-billing customers by a factor of ten. These accounts have since been corrected, and the missed billing has been accounted for.

Through the initiatives described above in addition to the progress that has already been achieved to reduce the water loss within this system, it is anticipated that a 12-month rolling average water loss below 10% will be realized within this system.

Willow Valley Water Company –

As of the end of April 2014 the 12-month rolling water loss average for this system is 21.7%. The primary focus for this utility will be the King Street public water system. This system accounts 88% of the water pumped in the Willow Valley utility and 98% of the water loss.

This system had a 100% meter change out in late 2010, therefore the meter population is relatively new at 3.5 years of age. Based on this fact, the accuracy of meters within this system is not anticipated to be a significant contributor to water loss. High consumption meters will still be tested in this system periodically.

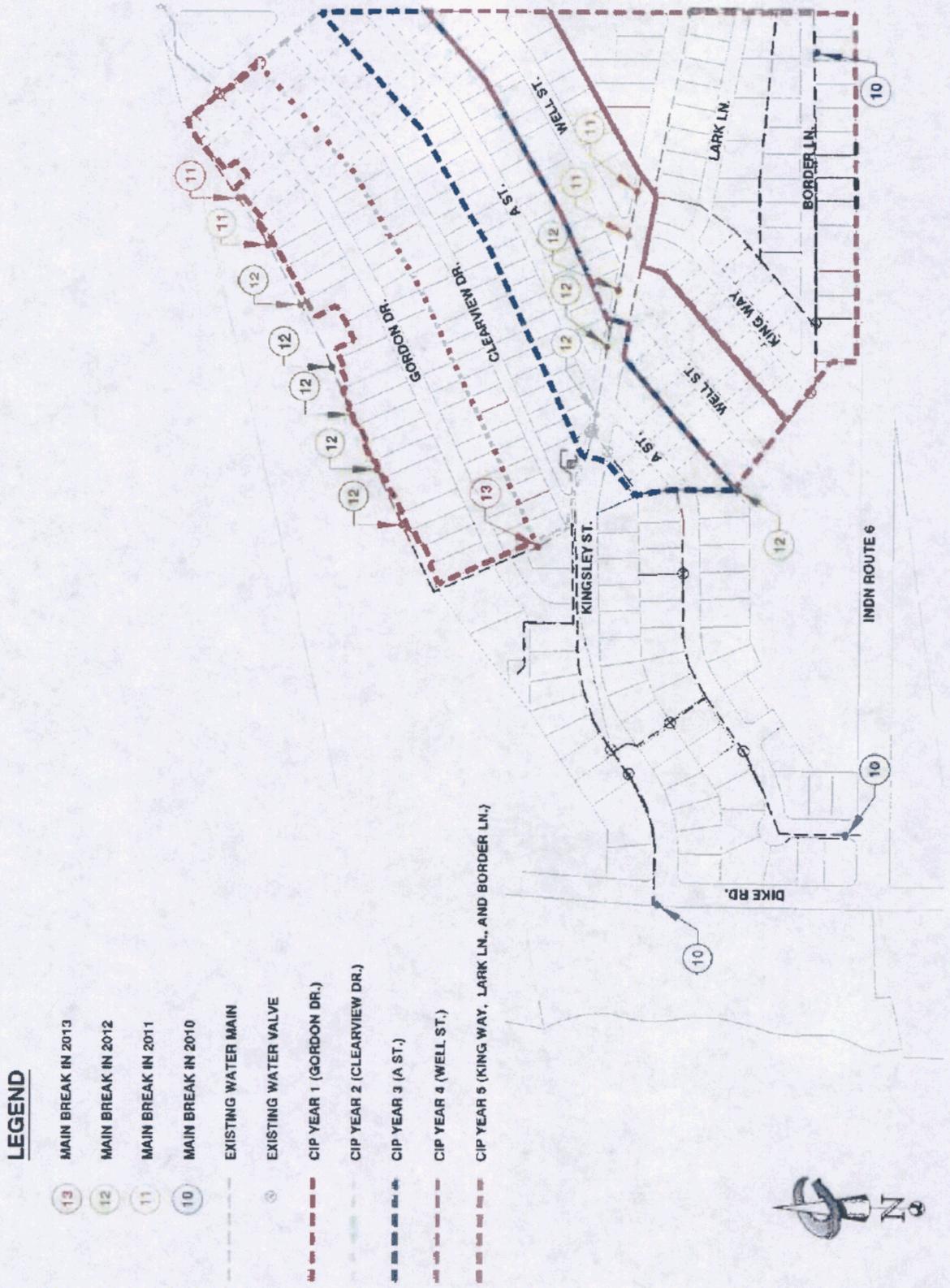
The primary source of water loss is suspected to be the result of line loss, specifically in the sub-division shown in **Figure 1**. Willow Valley has been authorized to use the System Improvement Benefit (SIB) mechanism to help off-set the cost to install new infrastructure in areas with dilapidated main lines that are subject main line failures and subsequently high levels of water loss.

The first section of main line replacement is currently being planned and designed. The section of line to be replaced in 2014 is 1,626 feet, includes 47 services and has a projected replacement cost of \$211,491. A methodical replacement program with four subsequent phases staggered from 2015 – 2018 is also planned. The additional phases will replace 183 services and 7,058 feet of main line. See **Figure 1** for the proposed replacement plan in addition to locations of main line failures since 2010.

The projected water loss reduction from the five year replacement program is summarized below:

Year	SIB Project	Project Water Loss (King Street)
2014	Project 1 Completed	<19%
2015	Project 2 Completed	<16%
2016	Project 3 Completed	<14%
2017	Project 4 Completed	<12%
2018	Project 5 Completed	<10%

Figure 1



Valencia Water Company –Town Division –

As of the end of April 2014 the 12-month rolling water loss average for this system is 13.6%. Meter testing has commenced within this utility. To date nine 1.5" and larger meters have been tested. Of the nine meters tested four meters have failed.

Additionally, a software error within the Advanced Metering Infrastructure unit that connects to customer meters made by Aclara resulted in 86 residential meters under reporting consumption by a factor of 100. These accounts have been identified and corrected and Aclara is scheduled to correct the software issue in July 2014. Several additional initiatives have also been recently accomplished to include repairing a leak in a highly inconspicuous area. This leak was estimated to be 100,000 gallons per month.

In addition to meter testing, system audits, theft prevention, and well meter accuracy verification efforts are currently underway within this system to prevent water loss and to reduce the 12-month rolling average to below 10%.

Global Water - Santa Cruz Water Company –

As of the end of April 2014 the 12-month rolling water loss average for this system is currently at 6.7% and has been below 10% for several years. The initiatives described above, to include meter testing, audits, theft prevention, and inspections will be routine within this system as well in an attempt to further reduce water loss to below Global Water's internal goal of 5%.

Water Utility of North Scottsdale –

As of the end of April 2014 the 12-month rolling water loss average for this system is currently at 9.8%. Although this utility is currently below 10%, the efforts describe previously will still be accomplished on a regular basis within this utility. Recently, a failed meter was discovered and replaced. While this may seem insignificant, due to the fact that there are only 77 customers within this system a single meter can account for 1% - 2% of the entire utilities water loss.

As previously mentioned hydrant locks have been installed on all hydrants within this system to prevent theft from occurring. Due to the rural nature of this system signs of water theft from hydrants are common.